

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF IOWA

IN RE:  MERCY HOSPITAL, IOWA CITY, IOWA, <i>et al.</i> ,  Debtors.	Chapter 11 Bankruptcy Case No. 23-00623  <b>STATUS REPORT</b>
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COMES NOW Dan R. Childers, in his sole capacity as Trustee of the Mercy Hospital Liquidation Trust (the “Trust”), by and through his counsel, respectfully tenders the following Status Report:

1. Since his appointment as Trustee circa August 9, 2024, the Trustee and his professionals have begun to administer the assets of the Trust. This Report briefly sets forth the progress of the administration of the Trust.

2. The Trust has successfully closed the sale of the Debtors’ interest in Melrose Meadows Senior Living, which is a community of approximately several senior residents located in Iowa City. The Trust has received the closing proceeds in the amount of approximately \$1,650,000. Upon information and belief, the facility is continuing to operate, and is serving its residents.

3. Similarly, the Trust continues to engage an Accounts Receivable collection agency, and the agency is actively engaging in collections of Receivables. The collection effort is underway earnestly, as any delays might render the Accounts “stale” and uncollectible.

4. The Trust owns real estate commonly referred to as “MOB,” which is an empty and un-occupied building in downtown Iowa City. Insurance has been placed on the

building. The Trust is continuing its efforts to market the building and to provide for its security and weather integrity until it can be sold.

5. The Trust also has an ownership interest in an entity commonly referred to as the “ASC” (Ambulatory Surgery Center), which is a facility at which out-patient surgeries are conducted. Efforts are being made to liquidate the Trust’s interest in ASC, including possibility the engagement of an expert to value the Trust’s interest. The Trustee has also engaged Counsel from Des Moines to serve the Trust, re its efforts relative to liquidating the Trust’s interest in the ASC. Upon information and belief, the ASC is continuing to serve patients.

6. The Trust is working with various University of Iowa officials to marshal records the Trust will need in administration of the Trust, such as patient records and other business records that will enable the Trust to, for example, evaluate potential causes of action (such as bankruptcy preferences) that will be pursued by the Trust. Time is of the essence, because eventually the records might be lost or destroyed (because of age), and the Trust will need access to the records in order to continue the process of liquidating assets to cash, for the benefit of the various creditors of the Trust, such as the General Un-secured Non-priority Claims and the claims of various Pensioners.

7. With respect to certain funds held in a Trust established by Charles Thompson, a sale of the underlying Debtors’ interest in the Trust will soon be concluded, with the buyer being Mercy Hospital of Cedar Rapids.

8. The Trust has engaged Litigation Counsel to examine and to pursue potential causes of action against MercyOne.

9. In terms of distributions, the Trust has distributed \$20,436,600 to the Bond-Holders, in addition to the \$26,200,000 distributed by the Debtor prior to the effective date. When the ASC interest has been liquidated, the proceeds will be paid to the Bond-Holders, further reducing its claims against the Trust. The Trust has distributed \$733,333.33 to the Pensioners and is holding \$1,466,666.67 in reserve for the Unsecured Creditors, for future distributions, in accordance with the Plan.

10. The Trust has made various other payments as required and continues to perform the duties set out in the Liquidation Trust Agreement.

11. The Trustee expects to file periodic Status Reports as developments warrant.

/s/ Eric W. Lam

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ATTORNEY FOR LIQUIDATION TRUSTEE

**Certificate of Service**

The undersigned certifies, under penalty of perjury, that on this 19th day of September, 2024, the foregoing document was electronically filed with the Clerk of Court using the Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to the parties of this case.

/s/ Kelly Carmichael